

Information Item: MCES Budget Concepts, Rates, and Workshops

Ned Smith, Director of Finance

Environment Committee: May 12, 2020



2021 Executive Summary

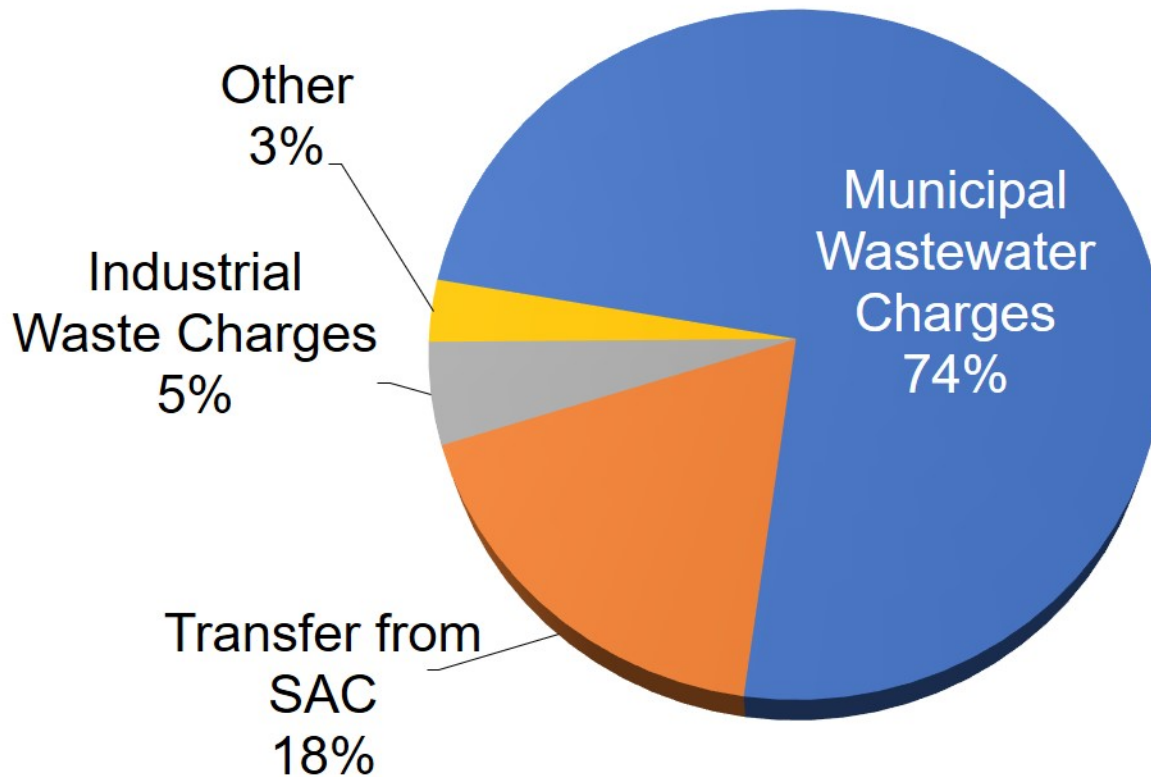
- **Proposed Sources & Rates**

- Wastewater charge: 2.0%
- Sewer Availability Charge: No Increase
- Industrial Strength Charge: 2.4%
- Industrial Permit Fees: ~2.0% on average

- **Proposed Uses**

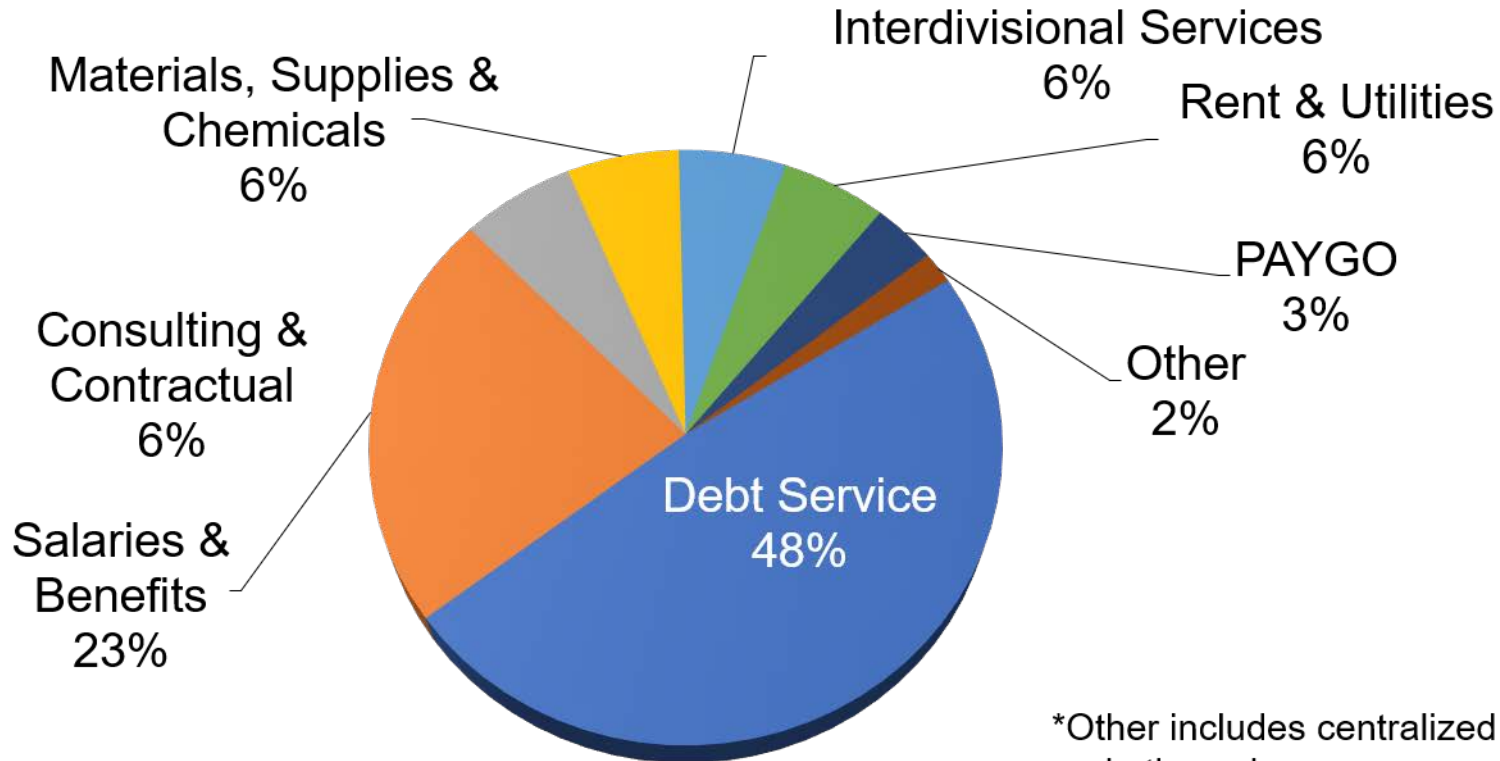
- 3.9% increase over 2020

2021 Revenue Sources – \$323M



*Other includes OPEB adj., and \$2M use of Reserves

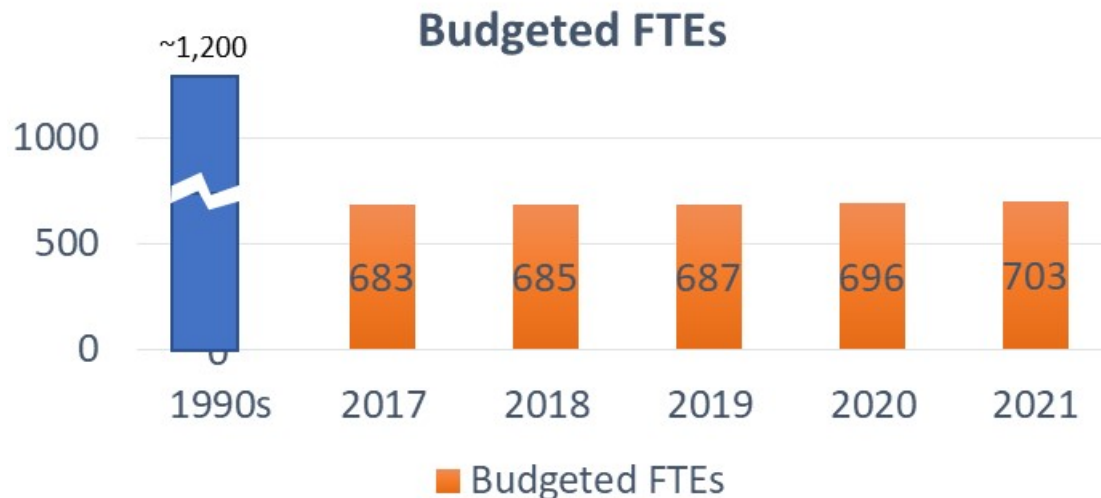
2021 Proposed Uses by Category – \$323M



*Other includes centralized projects, and other misc. expense

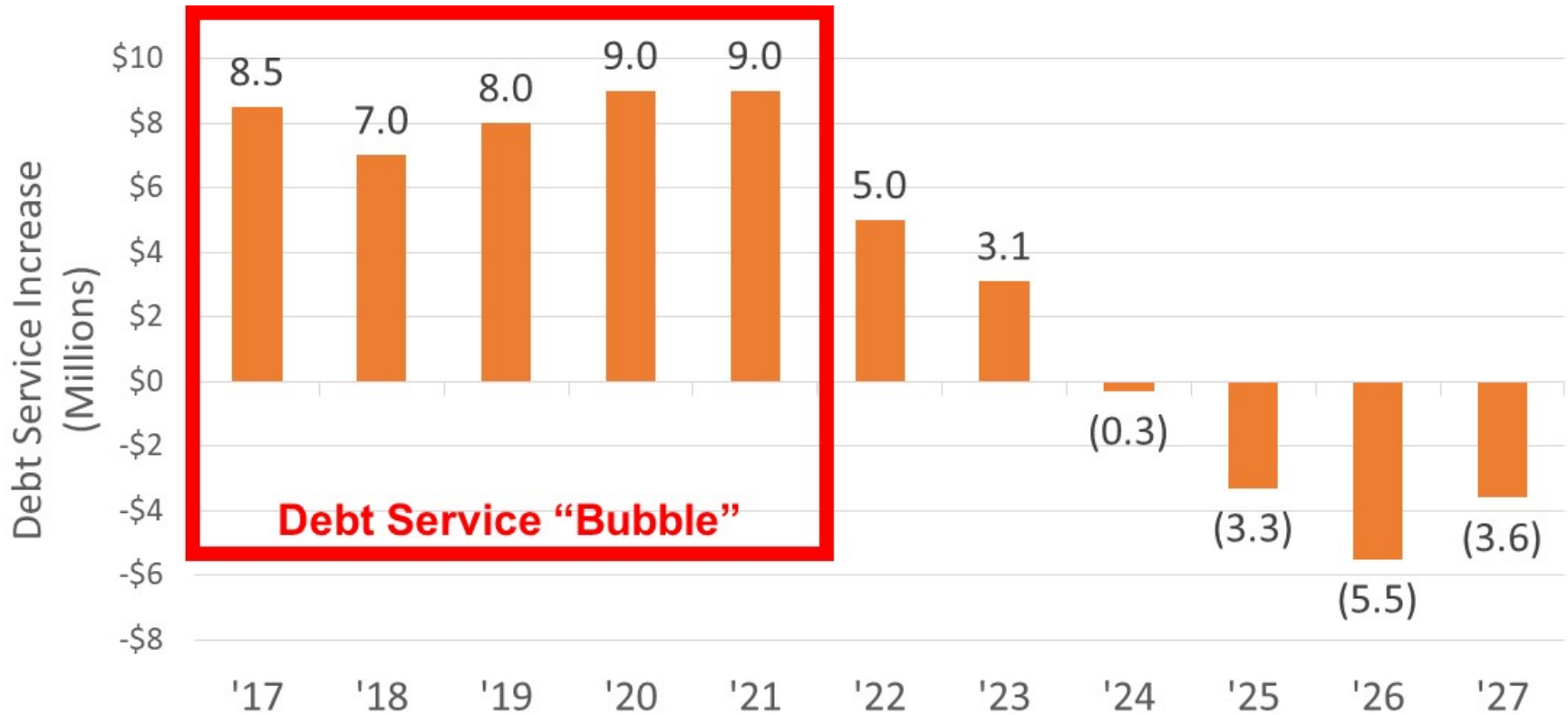
Proposed Budget: Labor

- Labor Costs
 - 673 Regular Full Time Equivalents (FTEs)
 - 703 FTEs including Overtime (OT)
 - Vacancy Factor = 25 FTEs
 - General salary increases, plus medical
 - FTE increases for interceptor workers, electricians, other programs
- Risk Factors: attrition rates, workforce planning, and health care costs (self-insured)



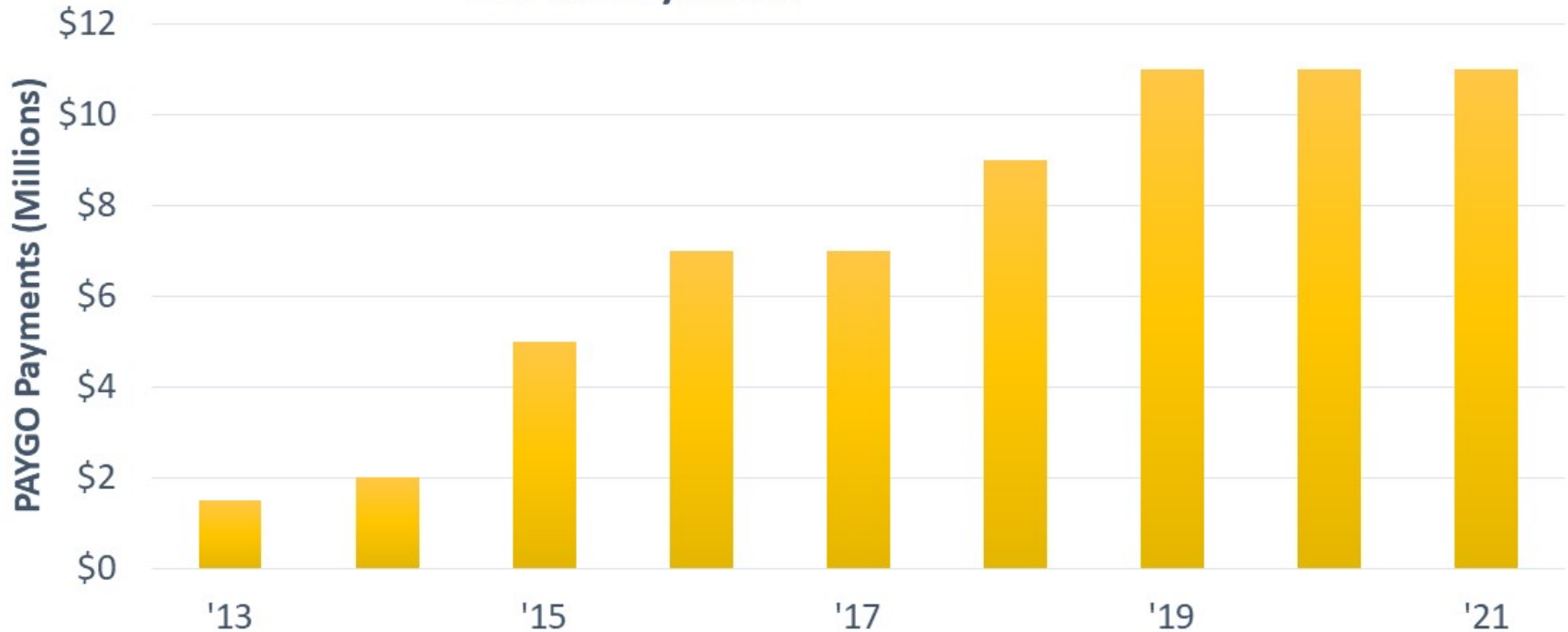
Projected Debt Service Change

Annual Debt Service Increase / (Decrease)



Pay-As-You-Go (PAYGO)

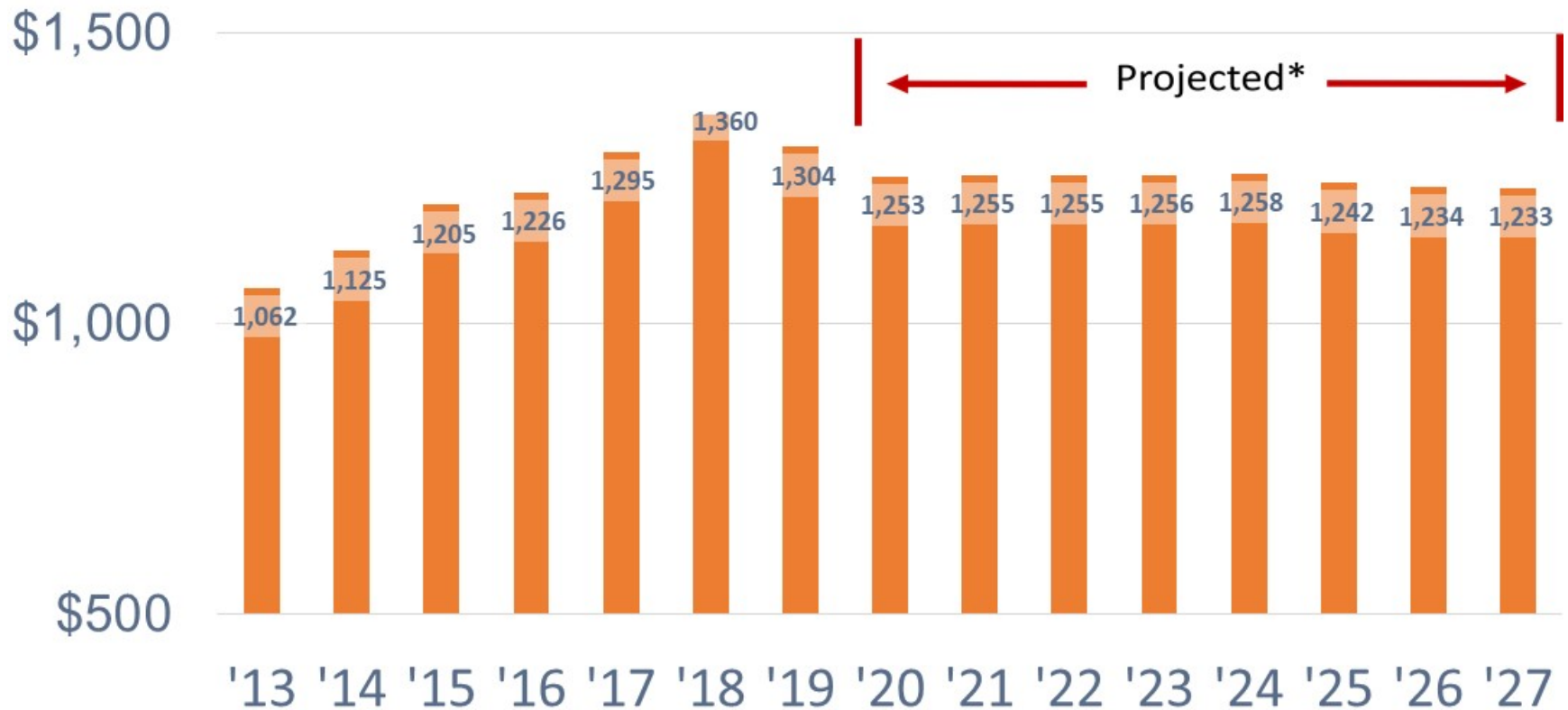
PAYGO Payments



PAYGO is funded from the operating fund except for \$2M in 2020 and \$7.5M in 2021 will be from the SAC fund.

Wastewater Outstanding Debt

(\$ in millions)

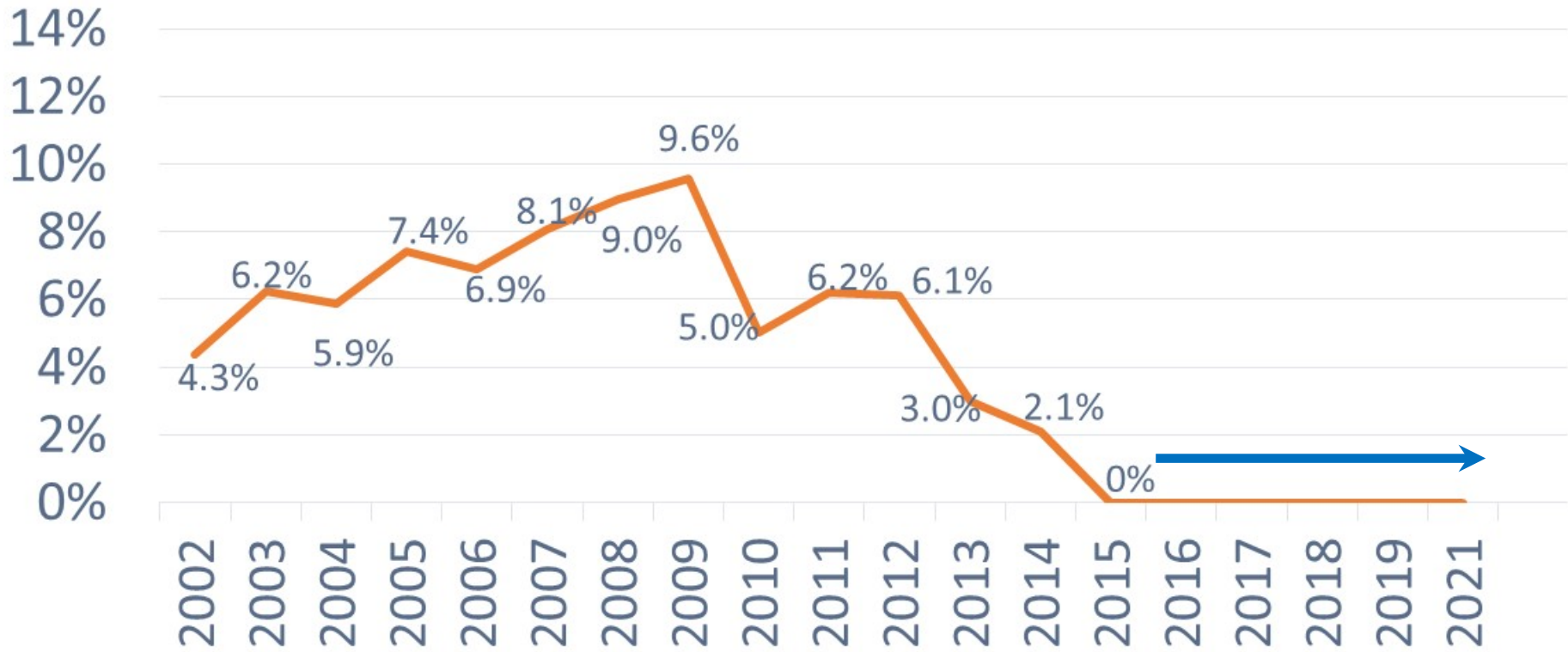


* Assumes 85% of ACP is spent.

Debt per Capita*

Los Angeles	\$149	Chicago	\$528	Cincinnati	\$1,131
Newark	\$174	Philadelphia	\$803	Wash. D.C.	\$1,238
Denver	\$325	Milwaukee	\$839	Cleveland	\$1,548
Phoenix	\$382	Columbus	\$872	Dallas	\$1,934
Orange County	\$388	St. Louis	\$912	Seattle	\$2,263
MCES	\$448	Austin	\$1,010	Boston	\$2,288
Las Vegas	\$471	Sacramento	\$1,025	Atlanta	\$2,486
Virginia Beach	\$509	San Antonio	\$1,074		

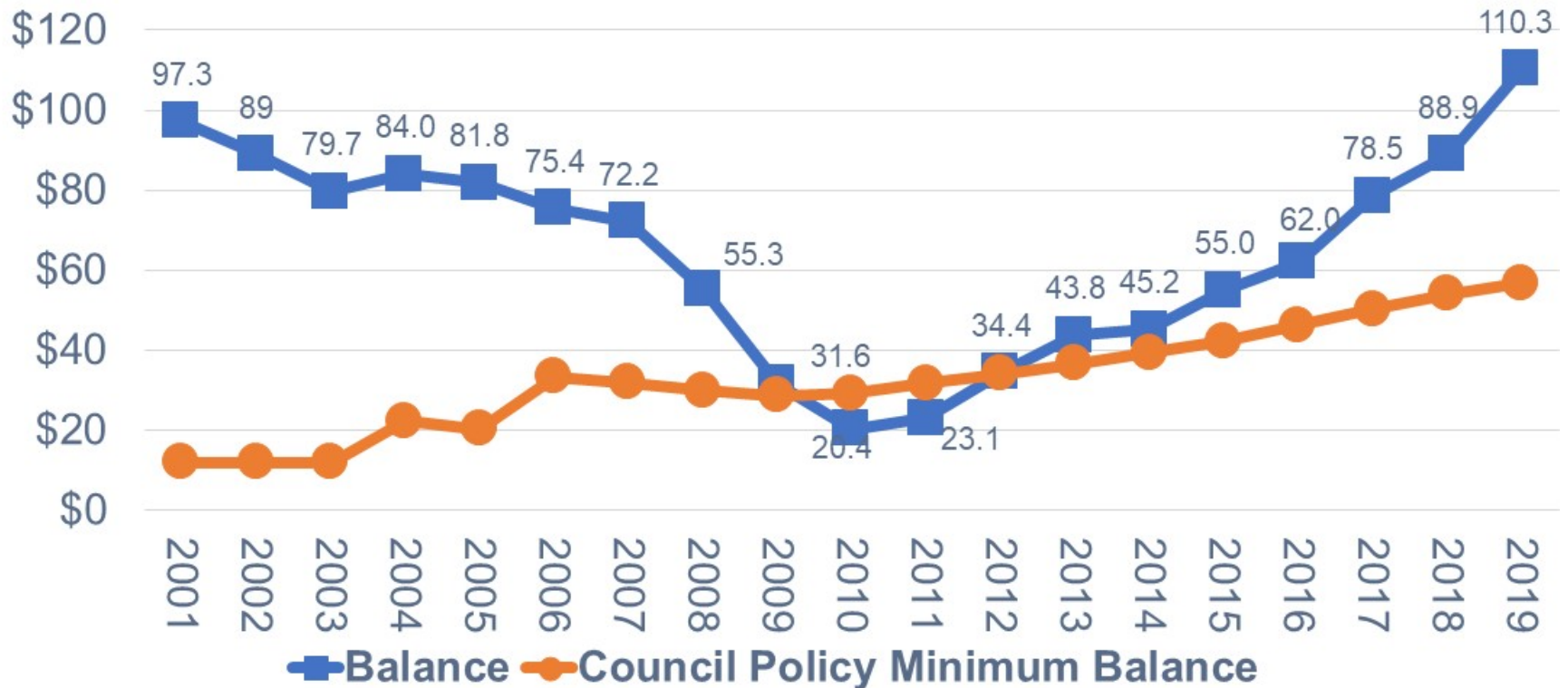
Historical SAC Rate Increases (%)



SAC Units: Strong 2019



SAC Reserve Fund

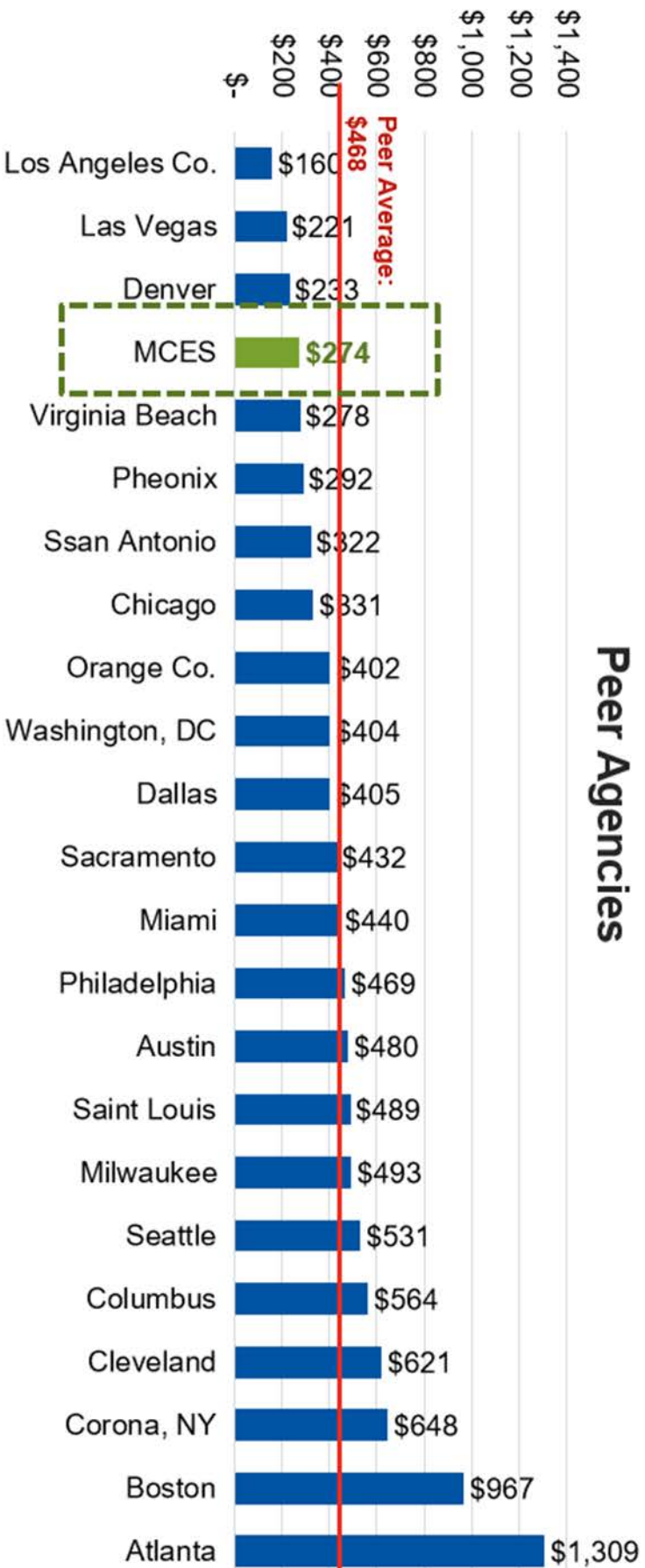


Strong reserve will help MCES to manage the pandemic effects



Comparative Information

Average retail sewer rates per household



* 2017 NACWA survey (2016 rates)

Municipal Wastewater Charges

2018-2022:	{	• Promise: 5-year <4% Increase
2018 - 2020:	{	• 3.5% - 3.7% Increase
2021:	{	• 2% Increase
2022-2024:	{	• TBD based on pandemic impacts
Long-Term Goal:	{	• \leq Inflation Rate

Proposed Industrial Rates

Rate Type	Prelim. 2021	% Increase
Strength Charge (excess lb. TSS*)	\$0.26	2.4
Standard Load Charge (per 1000 gal.)	\$60.24	0.0
Industrial Load Charge (excess lb TSS*)	\$0.413	0.0
Collar County Load Charge (per 1000 gal.)	\$75.24	0.0
Portable Toilet Load Charge (per 1000 gal.)	\$77.46	0.0
Holding Tank Load Charge (per 1000 gal.)	\$11.08	-1.9
Annual Permit Fee	\$1,075-\$10,550	~2.0
General Permit Fee	\$100-\$500	0

**Total Suspended Solids (TSS)*

2021 Rate Setting Schedule

- Industrial Workshops – Canceled due to COVID-19
- May 12: Environment Committee Direction for Public Meetings
- Municipal Customer Forums*
 - May 21: WebEx / Virtual Meeting
 - June 11: WebEx / Virtual Meeting
- July 14: Environment Committee Review of Customer Input and 2021 Rate Adoption Recommendation
- July 22: Council Rate Adoption
- Aug. 26: Council Preliminary Operating Budget Adoption

* *public input*

Questions

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